

Legislative Analysis



SCHOOL COOPERATIVE PURCHASING PROGRAM

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House Bill 5875

Sponsor: Rep. John Moolenaar

House Bill 5913

Sponsor: Rep. Philip LaJoy

Committee: Education

Complete to 6-1-04

A SUMMARY OF HOUSE BILL 5875 AS INTRODUCED 5-12-04 AND HOUSE BILL 5914 AS INTRODUCED 5-18-04

The bills would create a cooperative purchasing program for public schools to be administered by the Department of Management and Budget. House Bill 5875 is tie-barred to House Bill 5913 so that it could not become law unless House Bill 5913 also were enacted.

House Bill 5913 would amend the Management and Budget Act (MCL 18.1261) to require the department to create and operate a cooperative bulk purchasing program for local school districts, public school academies, and intermediate school districts, in order to reduce the costs of purchasing goods and services for public schools.

House Bill 5875 would amend the Revised School Code (MCL 380.623a and 380.1274) to specify that intermediate school districts, local school districts, and public school academies would not be required to obtain competitive bids for items purchased through the cooperative bulk purchasing program operated by the Department of Management and Budget (that would be created under House Bill 5913).

Further, currently under the law, an intermediate school district is prohibited from purchasing an item or group of items in a single transaction costing \$12,500 or more, unless competitive bids are obtained, and the purchase is approved by the intermediate school board. House Bill 5875 would retain this provision, but increase the threshold to \$17,932.

FISCAL IMPACT:

House Bill 5875. There will be some additional cost to the Department of Management and Budget to set up the program; however, the actual cost is indeterminate. Many school districts already participate in local cooperative purchasing programs. However,

to the extent that it increases the purchasing of less expensive items in bulk, it would save local districts, public school academies, and intermediate districts money.

House Bill 5913. Exempting competitive bidding would have no state fiscal impact, but could have potential local impact. Many school districts already participate in local cooperative bulk purchasing programs. However, to the extent that eliminating the requirement to competitively bid increases purchasing of less expensive items in bulk, it would save districts money. Also, a reduction in competitive bidding could result in a local savings of staff time and other resources involved in conducting competitive bidding.

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